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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 002341

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TAGS: [PREL](#) [KWBG](#) [IS](#) [GAZA](#) [DISENGAGEMENT](#) [GOI](#) [INTERNAL](#) [ISRAELI](#) [PALESTINIAN](#) [AFFAIRS](#) [SETTLEMENTS](#)

SUBJECT: PEACE NOW DISCUSSES SUPPORT TO THE SETTLEMENTS,
SASSON REPORT, AND DISENGAGEMENT

Classified By: Economic Counselor William Weinstein for reasons 1.4 (b)
and (d)

This cable has been cleared by Consulate General Jerusalem.

1. (C) Summary: Yariv Oppenheimer, General Director of Peace Now, told Embassy econoffs that there are four possible ways for the GOI to fund settlements. These include support through the Defense Ministry for infrastructure, transferring funds to the local councils, funding specific projects, and reinvesting municipal taxes collected from the settlers. Oppenheimer outlined over \$113 million in 2005 budget outlays to the settlements through various ministries. He said that Talia Sasson's report on illegal outposts brought the issue out in the open, but that the inter-ministerial Cabinet committee is not going to do much about implementing her recommendations. Oppenheimer said that Peace Now is currently very popular because the Israeli public supports Gaza disengagement, but also that he is concerned that no one is thinking about West Bank settlements or outposts. End summary.

Passing Funds to the Settlements

2. (C) Yariv Oppenheimer, General Director of Peace Now, told Deputy Economic Counselor and Economic Officer that the GOI utilizes four major ways to fund settlements. The first is through the Defense Ministry (MOD), which provides security packages to the settlements. These security packages include such things as lighting, roads, armored buses, training, and funds for settlers who guard settlements. Gathering this information is close to impossible, however, because the MOD's budget is classified and very few people have access to it. In addition, Oppenheimer explained that the GOI funds settlements through other ministries who give the settlers money by transferring funds to their respective local municipalities. The ministries' budgets do not have specific line items to differentiate what goes to the West Bank and the Gaza Strip, and what goes to Green Line Israel. According to Oppenheimer, the third way to fund settlements is for ministries to provide money for specific projects, such as the promenade in Hebron, which may sometimes be explicitly in the budget. Finally, local municipalities reinvest what they collect in taxes from the residents of the settlement. As Oppenheimer said, we have seen examples of at least the first three methods in Talia Sasson's report on illegal outposts.

2005 Budget Details

3. (C) To cite some examples in the GOI's 2005 budget approved last month, Oppenheimer noted that the Agriculture Ministry plans to give the Settlements Division of the World Zionist Organization NIS 9.4 million for settlements in the central West Bank and NIS 6.9 million for settlements in the Gaza Strip. In addition, the Ministry of Construction and Housing (MOCH) has budgeted NIS 36 million for Ma'ale Adumim, NIS 73 million for Har Homa, and NIS 32 million for security in East Jerusalem. The MOCH also has a line item of NIS 90 million that can be spent on anything it wants, from infrastructure to public buildings to security.

4. (C) Oppenheimer explained that the Ministry of Industry and Trade has at least two items in the budget that will go toward supporting the settlements: NIS 8 million in benefits to invest in the West Bank and Gaza Strip, and NIS 5 million in subsidies. The Ministry of Transportation has budgeted NIS 17 million for a road between Gilo and the Gush Etzion bloc, NIS 12 million for a road between Bruchin and Ariel, and NIS 198 million for a road around Mishor Adumim.

On the Sasson Report

5. (C) Oppenheimer opined that Sasson had done a great job on her report on illegal outposts, and that it was good that these issues were out in the open. He said it may force settlers and their supporters within the GOI to think twice before signing any documents authorizing more construction. He mentioned, however, that "the bureaucracy is very strong,"

and that the inter-ministerial Cabinet committee on the report is not going to do much about implementing Sasson's recommendations. In fact, he remarked that Peace Now is planning to host an azkera ceremony to mark the 30 days after the "burial of Sasson's report."

Disengagement and Beyond

16. (C) Oppenheimer continued that the Israeli public is more supportive now than ten years ago of Peace Now's activities because the public supports the disengagement plan. He said he is worried, however, about what will happen after disengagement. Oppenheimer explained that he is concerned that Israelis will say "we gave them Gaza Strip and the Palestinians are still hostile toward us" so they will not want to give up the West Bank. He said it will not take many terrorist attacks for Israelis to think that "we tried to leave the Gaza Strip and got more terrorists instead." Oppenheimer noted that everyone is for disengagement from the Gaza Strip in the short run, but no one is interested in West Bank settlements, much less in outposts.

17. (C) Oppenheimer opined that the IDF is ready to begin implementing disengagement. He explained that the IDF has a clear plan and is practicing its maneuvers, and that he has recently talked to IDF soldiers on four occasions as part of a panel on disengagement. Oppenheimer said that he does not think other ministries are ready, however. He mentioned that there are no real solutions to the other problems of evacuation, such as education for the settlers' children, and that Yonatan Bassey of the Disengagement Administration is not doing much because he does not have the backing of PM Ariel Sharon. Oppenheimer cited the example of Sharon going to visit Nitzanim without Bassey, and that Sharon is now the only one making significant decisions on disengagement.

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